

**INTERNAL GOVERNANCE STRUCTURE, AUDIT
QUALITY AND EARNINGS MANAGEMENT: PRE
AND POST MALAYSIAN CODE ON CORPORATE
GOVERNANCE 2012**

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**MASTER OF SCIENCE
UNIVERSITI MALAYSIA TERENGGANU**

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INTERNAL GOVERNANCE STRUCTURE, AUDIT QUALITY AND EARNINGS MANAGEMENT: PRE AND POST MALAYSIAN CODE ON CORPORATE GOVERNANCE 2012

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May 2016

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Current study investigates the effects of audit quality, audit committees characteristics, and risk management effectiveness on earnings management after the revision of MCGG by employing the risk management effectiveness index as a proxy for the initiation of the enterprise risk management programme. Additionally, this study offers pioneering empirical evidence to compare the results between the pre and post revised MCGG 2012.

The findings show that the result of the parametric t-test on the difference between the mean of the earnings management variables derived from the Modified Jones (1995) was significant. The mean for earnings management after the revised MCGG was lesser than before the revised MCGG. The multivariate analysis indicates that risk management effectiveness was consistent with the hypotheses predicted earlier.

From a practical perspective, the study provides feedback to policymakers such as the Securities Commission and Bursa Malaysia on the amendments recommended in the MCGG 2012 and Bursa Malaysia Listing Requirements respectively. It also presents useful findings to academic researchers to obtain the most recent empirical findings of the relationship among audit quality, audit committee characteristics, and risk management effectiveness and earnings management. It is concluded that the Malaysian government through its relevant agencies has successfully improved the corporate governance practice by enhancing the effectiveness of risk management.

Abstrak tesis yang dikemukakan kepada Senat Universiti Malaysia Terengganu sebagai memenuhi keperluan untuk Ijazah Sarjana Sains.

**STRUKTUR TADBIR DALAMAN, KUALITI AUDIT DAN PENGURUSAN
PEROLEHAN : SEBELUM DAN SELEPAS *MALAYSIAN CODE ON
CORPORATE GOVERNANCE 2012***

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Krisis kewangan global pada 2007 - 2008 telah memberikan kesan yang buruk kepada ekonomi Malaysia berdasarkan kepada bukti kejatuhan 670 mata dalam indeks Bursa Malaysia, yang merupakan 45% daripada jumlah nilai keseluruhan. Ia merupakan penurunan terbesar selepas Krisis Kewangan Asia 1997. Persidangan Meja Bulat Asia ke atas Tadbir Urus Korporat memberi cadangan untuk menambah baik struktur tadbir urus dan menangani kelemahan yang didedahkan oleh krisis di negara-negara Asia termasuk Malaysia. Suruhanjaya Sekuriti Malaysia telah mengeluarkan dokumen Rangka Tindakan Tadbir Urus Korporat yang dicetak pada Julai 2011 untuk menambah baik struktur tadbir urus negara bagi melancarkan pengenalan kod *Malaysian Code on Corporate Governance (MCCG)* baharu 2012 pada Mac 2012. Struktur tadbir urus yang

lemah akan memberi peluang kepada pengurus untuk melibatkan diri dalam aktiviti yang boleh mengakibatkan kualiti yang lebih rendah dalam pendapatan yang dilaporkan.

Kajian ini melibatkan kesan kualiti audit, ciri-ciri jawatankuasa audit dan keberkesanan pengurusan risiko ke atas pengurusan perolehan selepas semakan terhadap *Malaysian Code on Corporate Governance (MCCG)*, dengan menggunakan indeks keberkesanan pengurusan risiko sebagai proksi untuk permulaan program pengurusan risiko organisasi. Kajian ini juga menawarkan bukti empirikal perintis untuk membandingkan keputusan di antara sebelum dan selepas MCCG 2012 disemak semula.

Hasil kajian menunjukkan bahawa hasil daripada parametrik ujian-t perbezaan di antara min pembolehubah pengurusan perolehan yang diperolehi daripada *Modified Jones* (1991) adalah signifikan. Min bagi pengurusan pendapatan selepas MCCG disemak semula adalah kurang daripada sebelum MCCG disemak semula. Daripada analisis multivariat, kajian ini mendapati bahawa keberkesanan pengurusan risiko adalah selaras dengan hipotesis.

Dari perspektif praktikal, kajian ini dapat memberi input kepada pembuat dasar seperti Suruhanjaya Sekuriti dan Bursa Malaysia mengenai pindaan yang disyorkan oleh mereka dalam MCCG 2012 dan Keperluan Penyenaian Bursa Malaysia. Ia juga akan membentangkan hasil kajian yang berguna kepada penyelidik akademik untuk mendapatkan keputusan empirik yang terkini mengenai hubungan di antara kualiti audit, ciri-ciri jawatankuasa audit, keberkesanan pengurusan risiko dan pengurusan perolehan. Kesimpulannya, kerajaan Malaysia melalui ejen-ejen yang berkenaan telah berjaya

menambahbaik amalan tadbir urus korporat dengan meningkatkan keberkesanan pengurusan risiko.

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